

# **ACTION FUND LOAN PROGRAM**



## **APPLICATION AND GUIDELINES**

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

# ACTION FUND LOAN PROGRAM

## APPLICATION AND GUIDELINES

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### SUMMARY

**PURPOSE:** Provides a loan to certain types of for-profit companies that need funds for start-up or expansion and have exhausted other sources.

**AUTHORIZATION:** Public Law 93-383, Title I of the Housing & Community Development Act of 1974, as amended; 24 CFR Part 570; and Missouri's "Consolidated Plan" submitted to the U.S. Department of Housing and Urban Development.

**HOW THE PROGRAM WORKS:** The Department of Economic Development (DED) will provide funds in the form of a loan to an approved company. The loan may be in a subordinate collateral position to the lead/primary lender at the sole discretion of DED. This determination is based on cash flow, collateral, credit history, character and other credit /collateral considerations of the business and owner.

**ELIGIBLE AREAS:** The loan must be made in cooperation with a city or county sponsor in a "non-entitlement" area where the project will be located. A non-entitlement area is a city with population under 50,000 and/or a county with a population under 200,000.

**ELIGIBLE APPLICANTS:** For-profit manufacturing, processing and assembly companies that will have wages above the county average and provide medical benefits are prioritized. Other types of companies will be considered if they do not negatively impact other area businesses.

**ELIGIBLE USE OF FUNDS:** The purchase of new machinery and equipment or working capital is eligible. Refinancing, pay out of stockholders, buyouts or lines of credit is not eligible.

**APPLICATION PROCEDURE:** It is recommended that the business discuss applicable funding sources with the DED.

1. If an Action Fund Loan were determined to be the most appropriate funding source, a sponsor (city/county) would insert a public hearing notice in a local newspaper. At least five (5) days later, the sponsor holds a public hearing, and then the application is submitted to DED.
2. The sponsor would complete the environmental review, and have a FONSI/RFF (Finding of No Significant Impact / Request For Funds) notice published in the newspaper.
3. DED will approve (with possible modifications) or deny the request within about 30 days. The projected growth of the company, economic impact, the risk of failure, and the quality of management are critical factors for approval.

**FUNDING METHOD:** A Loan Agreement is executed between the company, DED and the city/county sponsor.

- a. Action Fund Loan proceeds are typically disbursed after all other funds. Proceeds would be provided upon the submission of invoices for approved items, or other approved documentation. Such documents must be dated after the date of DED's approval of the loan. Typical turn-around time from the submission of the RFF (request for funds) to the receipt of proceeds is 10 days.

**FUNDING LIMITS:** DED must determine that the borrower has exhausted other funding sources and only the least amount needed to complete the project may be provided. In any event, an Action Fund Loan would be limited to the LOWER of: \$750,000 per project; 40% of the total project cost; or \$25,000 per new full-time year-round job.

#### **SPECIAL PROGRAM REQUIREMENTS**

- **LMI Employees:** At least 51% of the new jobs to be created must be taken by persons considered “low to moderate income” (LMI). The LMI standard is based on the prior year’s total family income. The LMI standard for a three person family is about \$22,000 in rural areas and \$32,000 in metro areas.
- **Lack of other funds:** The company must demonstrate that bank financing and owner equity resources have been maximized, and that a “gap” of funding for the project remains.

#### **TERMS AND CONDITIONS**

- **Interest Rate:** Determined by the Department of Economic Development.
- **Term:** Three to ten years, depending on the type of collateral.
- **Collateral:** Depends on the predictability of the cash flow (the less predictable, more collateral will be required).

#### **CONTACT**

MO Department of Economic Development  
Incentives Section  
301 West High Street, P.O. Box 118  
Jefferson City, MO 65102  
Phone: (573) 751-0717 Fax: (573) 751-7384  
E-mail: dedfin@mail.state.mo.us

# DEFINITIONS

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The terms defined in this section are applicable to any reference in the Action Fund guidelines.

**"ACTIVE OWNER"** means a person employed full or part time by the Borrower whom owns more than 20% stock in the Company, including immediate family members.

**"AFFILIATE"** means any Person (1) which directly or indirectly controls, or is controlled by, or is under common control with the Borrower; (2) which directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of the Borrower; or (3) five percent (5%) or more of the voting stock of which is directly or indirectly beneficially owned or held by the Borrower. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

**"APPLICATION"** means information and documents submitted by the Sponsor and the Borrower to DED regarding the proposed use of funds from the Action Fund program.

**"BORROWER"** means a Company that has been approved for a loan from the Action Fund program.

**"BUSINESS" OR "COMPANY"** means the entity which is requesting the Action Fund loan, and who will employ the New Jobs for the Project.

**"BUSINESS OPERATIONS"** means activities of the Company to produce their products or provide their services to be sold to another party.

**"CDBG"** means the Community Development Block Grant program, as provided from the US Department of Housing and Urban Development to DED, then from DED to the Sponsor, then to the Borrower. CDBG is the source of funds for the Action Fund program.

**"COLLATERAL"** means all property, which is subject to the lien granted by a Security Agreement and Deed of Trust to a lender.

**"CURRENT EMPLOYEES" OR "CURRENT EMPLOYMENT"** means the number of Full-time Year-Around Employees of the Borrower at the location of the Project at the time the Application was submitted by the Sponsor.

**"DED"** means the Missouri Department of Economic Development, an agency of the State of Missouri.

**"ECONOMIC IMPACT"** means an analysis of the benefit of the Project to the economy based on the following factors:

- a) The projected rate of growth of the industry, based on information from the US Commerce Department, U. S. Industrial Outlook.
- b) The percentage of goods and services purchased from businesses within the state;
- c) Any adverse impact to in-state competitors;
- d) The proposed wages compared to the average for the area (including medical benefits), and the employee turnover rate;

- e) The Company's ability to create new products or services which will expand their market outside MO; and,
- f) The amount of value-added process.

**"FULL-TIME, YEAR-AROUND EMPLOYEES"** means employees of the Borrower who are projected to work at least 1800 hours in a year, and have medical insurance benefits. This does not include seasonal, construction, part time, or temporary employees, or persons that work within the Borrower's facility, but are not employees of the Borrower.

**"FULL EMPLOYMENT"** means the actual number of Full-time Year-Around Employees added to Current Employment due to the Project.

**"GUARANTOR(S)"** means any individual(s), companies or corporations who own 20% or more stock in the Borrower must provide a personal guaranty to DED as additional collateral for the Action Fund loan.

**"HUD"** means the U. S. Department of Housing and Urban Development, an agency of the U. S. government.

**"LAST RESORT GAP"** means all other sources of financing (including bank loans, equity by an Active Owner, and other government programs) have been maximized, and a gap exists in the Project Investment. The Action Fund loan would then be provided for the amount of the gap **IF** the Company demonstrates good management, adequate cash flow potential, and market growth, **AND** that the economic impact potential of the Project outweighs the risks.

**"LOAN AGREEMENT"** means a Loan Agreement between the Borrower, city/county Sponsor, and the Department of Economic Development which defines the terms and conditions of the Action Fund loan.

**"LOAN DOCUMENTS"** means a Loan Agreement, Note, Security Agreement, Deed of Trust, Guaranty, and supporting documents.

**"LOW AND MODERATE INCOME PERSON"** (LMI) means current annualized family income is below the amount established by HUD for the CDBG program as detailed in EXHIBIT A.

**"NEW JOBS"** means the number of new, Full-time, Year-Around Employees hired by the Borrower in addition to the Current Employment at the Project location. This number is the net increase over Current Employment at other locations of the Borrower or an Affiliate in the State of Missouri.

**"PRIORITY COMPANIES"** generally refers to for-profit manufacturing, processing, and assembly companies, which have demonstrated growth potential, pay above-average wages, and have excellent management. Certain higher technology service businesses would also qualify if a high percentage of their sales were likely to be derived from outside the state.

**"PROJECT"** means the proposed Project Investment as specified in the Application and subsequent amendments submitted by the Borrower and Sponsor to DED. A Project must be located within the jurisdiction of a Sponsor (city/county).

**"PROJECT INVESTMENT"** means new assets to be acquired by the Borrower for the Project, not including assets acquired by a revolving line of credit. The book value of fixed assets transferred from outside Missouri to the Project may also be included as a Project Investment.

**"SPONSOR"** means a city or county government located in a "non-entitlement area" of Missouri who has submitted an Application for an Action Fund loan on behalf of the Borrower.

**"WORKING CAPITAL"** means recurring expenses incurred by the Borrower for inventory, advertising, salaries, utilities, insurance, legal, accounting, rent, telephone, postage, and other such costs of Business Operations.

**"UNFORESEEN ECONOMIC EVENT"** means external factors that were unanticipated by the Borrower which affected its ability to achieve the sales and profits projected in the Application.

# GENERAL

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**APPLICATION/APPROVAL PROCEDURE:** Two copies of all documents must be submitted to Department of Economic Development, Incentives Section, 301 West High Street, P.O. Box 118, Jefferson City, MO 65102. There is no deadline for submission of a request. Approval of a loan is based on meeting the criteria as stated herein, and the availability of funds. In the event the annual allocation of CDBG funds is more than 50% committed prior to October 1 each year, DED may prioritize projects based on the economic impact of the Project and level of community distress.

**ELIGIBLE SPONSORS:** Cities and counties in CDBG "non-entitlement areas" of Missouri are the only entities eligible to sponsor a loan request on behalf of a Company. The Company must be within a Sponsor's jurisdiction, or if not, the Company must agree that at least 51% of the New Jobs will be from the sponsor's jurisdiction.

CDBG "non-entitlement areas" include all of the state except Kansas City, Independence, Lees Summit, Joplin, Springfield, Columbia, St. Louis City, Florissant, St. Charles, St. Joseph, St. Louis County, and cities within St. Louis County who participate in the St. Louis County entitlement program which include the following:

Ballwin, Bella Villa, Bellefontaine Neighbors, Bellerive, Bel-Nor, Bel-Ridge, Berkeley, Beverly Hills, Breckenridge Hills, Brentwood, Bridgeton, Calverton Park, Charlack, Cool Valley, Country Club Hills, Dellwood, Edmundson, Ellisville, Eureka, Fenton, Ferguson, Flordell Hills, Glen Echo Park, Glendale, Greendale, Hanley Hills, Hazelwood, Hillside, Jennings, Kinloch, Kirkwood, Mackenzie, Maplewood, Maryland Heights, Moline Acres, Normandy, Northwoods, Norwood Court, Olivette, Overland, Pacific, Pagedale, Pasadena Hills, Pasadena Park, Pine Lawn, Richmond Heights, Riverview, Rock Hill, St. Ann, St. John, Sycamore Hills, University City, Uplands Park, Valley Park, Velda Village, Velda Village Hills, Vinita Park, Vinita Terrace, Webster Groves, Winchester, and Woodson Terrace.

**PARTICIPATION WITH OTHER PUBLIC PROGRAMS:** The Action Fund program may co-invest in a Project with other public programs, such as the Small Business Administration (SBA), Missouri Development Finance Board (MDFB), Farmers Home Administration, Economic Development Administration, industrial revenue bonds, Missouri First Linked Deposit, CDBG Industrial Infrastructure, and others, provided that:

The number of New Jobs created per total public funding is not unreasonable.

If other CDBG economic development programs are involved in the Project, New Jobs and Project Investment cannot be double-counted.

For further information about these and other business financing programs, contact the Department of Economic Development, Incentives Section at 573-751-0717 or visit [www.ecodev.state.mo.us/cd/finance](http://www.ecodev.state.mo.us/cd/finance).

**INELIGIBLE COMPANIES/PROJECTS:** Ineligible borrowers would include public entities; speculative development; leasing, financing or investment companies; companies owned by non-U.S. citizens; franchises; intra-state relocations; farm production or fishing operations; clubs; tax-supported non-profit corporations; real property held primarily for sale or investment; forward commitments; monopolies; illegal activities; pure research; or political or religious activities. Generally, the size standards applied by the US Small Business Administration are applicable for the Action Fund.

**LOAN/ADMINISTRATION FEES:** The Borrower must pay for DED's legal and filing fees, which typically do not exceed \$400 to \$550. In the event the Sponsor elects to contract with a firm to perform the administrative requirements of the CDBG program, the Borrower (and/or Sponsor, if they so desire) must pay such fees. If the Borrower pays the administrative fees, this amount may be included in the Action Fund loan.

**PRIORITY COMPANIES:** Generally for-profit manufacturing, processing, and assembly companies which have demonstrated growth potential, pay above-average wages, provide medical benefits, have a low turnover rate, and excellent management are prioritized by the program. Retail, wholesale, and most service businesses are not a priority for the program.

**ECONOMIC IMPACT:** Section 620.605(2), RsMO, requires DED to consider various economic impact factors before approving a Project. The Loan Conditions Section "maximum funding" defines such factors as it relates to this program.

**CLOSED RECORDS:** Section 620.014, RsMO, provides that records and documents submitted to DED or a regional planning commission relating to financial investments in a business, or sales projections or other business plan information, which may endanger the competitiveness of a business, may be deemed a "closed record" as such term is defined in Section 610.010, RsMO.

**PENALTIES FOR NON-COMPLIANCE:** Section 620.017 states that DED must require that any company which receives financial assistance from a DED program to use the proceeds solely as required by the program, and any recipient who fails to comply with any requirement shall return any remaining proceeds to DED, and any proceeds expended shall be repaid to DED. The Loan Agreement will specify that in the event the New Jobs committed are not achieved, or, that less than 51% of the New Jobs are LMI, or that the Project Investment is not completed, DED will require full or pro-rated payment of the loan, plus penalties of 10% annual interest accrued from the date of the Loan Agreement, unless Unforeseen Economic Events occurred.

**OTHER LOAN PROGRAMS:** Other loan programs available to assist in the completion of a business project include: SBA 7a Loan Guarantee; SBA 504 Loan; Rural Missouri Inc. Intermediary Loan; FmHA loan guarantee; EDA revolving loan (through various regional planning commissions); tax-exempt industrial revenue bonds; SBA low-doc guaranteed loan; SBA seasonal line of credit; Capital Tax Credit (DED); Development Tax Credit (DED); Tax Increment Financing; EIERA Market Development Program (for recycling projects); MO First Linked Deposit; and SBA Micro-Loan. For further information regarding these programs, contact DED Incentives Section at 573-751-0717.



# LOAN CONDITIONS

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**LAST RESORT GAP:** The program is based on providing last resort gap financing, which means other possible sources of financing the Project (including bank loans, equity from Active Owners, SBA, other programs) have been feasibly maximized, and a gap exists in the Project Investment. The risk level of the Action Fund Loan program is designed to be greater than banks and other public programs, however, the probable economic benefit of the Project and potential growth of the Company must offset the risk. Since there is typically little or no collateral value remaining for an Action Fund loan (since other lenders have priority liens), the quality of management, validity of the cash flow projections, and the market potential of the Company must be well documented.

**MAXIMUM FUNDING:** DED must first make a determination that (1) other sources have been maximized, (2) the loan has an acceptable risk level compared to the potential economic impact, and (3) management is well qualified and has a successful record. An Action Fund loan is limited to the least amount needed by the Company to complete the Project (last resort gap). The amount of funding is further limited to the **LOWER** of \$750,000 per Project, 40% of the Project Investment, or, \$25,000 per New Job.

**OTHER LIMITS:** The maximum CDBG Funds allowed per project (Action Fund, Industrial Infrastructure Grant, and CDBG Loan Guarantee) is \$1.5 million. The maximum CDBG funds (Action Fund, Industrial Infrastructure grant, CDBG guarantee) outstanding for any company, regardless of location in Missouri, is \$3 million. For the purposes herein, an Infrastructure grant is assumed to decline on a 10-year straight-line basis.

**TERM:** The term of the loan will be based on cash flow projections that will allow for the fastest repayment of principal and interest, but not more than 10 years. Once the debt/equity ratio of the Borrower is less than 3-1 or cash flow exceeds debt service by a 2-1 ratio, prepayment of principal may be required if net cash flow is positive at the end of any year.

**RATE:** The interest rate on the loan will be determined by the Department of Economic Development. Prime will be determined on the date of Deed's approval of the loan as published in the Wall Street Journal. Interest will accrue on the outstanding balance of principal until payments begin, then interest would be based on principal plus accrued interest.

**PAYMENTS:** A payment schedule will be developed by DED based on the projected cash flow of the Company, which may allow payments to be deferred for a period of up to 3 years. Interest payments must start within 3 years, and principal payments must start within 4 years after the date of the loan agreement. Prepayment of principal and accrued interest is typically required if cash flow exceeds certain benchmarks, as detailed in the Loan Agreement.

**COLLATERAL:** DED will require a lien position on all Company assets which may or may not be subordinate to private lending institutions and other public programs, and will not be subordinate to owners or unsecured creditors. Personal guarantees are required for all Active Owners (and spouses) or any persons owning 20% or more of stock. Immediate family members owning stock in the Company would be combined to determine applicability under the personal guarantee requirement. Life insurance and employment agreements will be required for any Active Owner that is determined to be essential for the continuation of the business. In most cases, DED will require those Active Owners with more than 20% of the Company's stock to also pledge specific personal assets such as investments, real estate, etc.

**USE OF LOAN PROCEEDS:** Action Fund Loan proceeds may be used only for expenses related to the Project Investment. Generally, Action Fund Loan proceeds should not be used for construction or installation costs, as this would trigger rules that require the payment of prevailing wages to the employees of contractors. Ineligible uses of loan proceeds would include contributions, officer (or other) loans, purchase of the Company's stock, moving expenses of employees or officers, severance pay, refinancing of existing debt, political or religious activities, lobbying any governmental entity, or non-business related expenses.

**PROJECTIONS:** One of the most important factors in an evaluation of an Action Fund loan is the quality of the projections, particularly the basis for the revenue projections. The following are general guidelines:

- a. **Start-ups:** The best scenario is if the Company has contracts or other firm commitments to sell its products. If not, a feasibility study completed by an independent firm with relevant technical expertise will be required. DED and other lenders should be consulted PRIOR TO the study to agree on the use of a firm. Generally, the greater the risk due to undocumented projections, a greater amount of equity will be required.
- b. **Existing Companies:** Any significant increase in the Company's projections from past revenue growth must be substantiated with either a feasibility study, firm contracts, or other documented data. Any significant variation from the trends in past expenses should be documented.

**EQUITY INJECTION:** Generally, any Active Owner should invest as much of their personal liquid assets as possible. Additional outside equity may be necessary depending on the risk of the Project. In any event, new equity injection should be at least 50% of the Action Fund loan.

**APPROVAL:** The decision to provide the Action Fund loan will be based on:

- a. Compliance with the last resort "gap" criteria;
- b. The quality of management. (Experience/education related to the type of business; success of the owners/management in past businesses; good credit history.)
- c. The financial commitment to the Company by Active Owners, based on the amount of personal resources invested in the Company as a percentage of available resources.
- d. The potential growth of the Company, based on the growth rate of the industry, the projected development of new products, and past history of the Company (Active Owners and management) to be successful in growing the Company.
- e. Validity of the Company's revenue and cost projections. Generally, the better the projections are documented, the higher the level of risk that would be acceptable. This would reflect the Company's ability to generate sufficient cash flow to pay off the loan and interest within 10 or less years.
- f. The projected Economic Impact of the Project (the number of high paying jobs created, growth potential of the Company, etc.) relative to the probability of success of the Project.

**DENIAL FACTORS:** An Action Fund loan will likely not be approved for any Project if the Company, owner of 50% or more of the Company's stock, or an Active Owner:

- a. Has a poor credit history, or has filed for voluntary or involuntary bankruptcy in a prior business or personally;
- b. Has been convicted of a felony; presently under indictment, or parole or probation;

- c. Has overdue state, local or federal taxes (business or personal);
- d. Did not fulfill obligations on a prior DED or other state program;
- e. Is delinquent on any child custody payments;
- f. Has pending or threatened liens, judgements, or material litigation which is likely to affect the viability of the Borrower;
- g. The Project did not meet one of the eligibility criteria of the program;
- h. The Company is not a Priority Company;
- i. The projections are inadequately documented;
- j. The risk of failure of the Company is at an unacceptable level in relation to the projected Economic Impact; or,
- k. Management is not adequately qualified, or was not identified in the Application.

**RESTRICTIONS:** The loan agreement will include certain restrictions, including, but not limited to:

- a. In the event the Project is moved to another location, sold, merged, consolidated, or otherwise acquired by another entity, the loan is due and payable;
- b. Limitation on officer's compensation. Generally, the compensation is limited to the current level, plus increases for inflation, or 3% of sales, whichever is less.
- c. Restriction on selling assets, incurring new debt, or leasing any Company property;
- d. Restriction on dividends, or purchase any capital stock;
- e. Prohibition of loans made to an officer or any other person or entity; and,
- f. Restriction on transactions with Affiliates.

**REPORTING REQUIREMENTS:** The Borrower must provide DED with quarterly financial reports, and a fiscal year-end report. An audit may be required in some instances. The Borrower also must have each person applying for employment after the date the loan is approved complete the **Employment Status Statement**. Once Full Employment is achieved (or 2 years, whichever is first), the Borrower must tabulate all the persons hired to comply with the 51% LMI requirement.

## **NEW JOB REQUIREMENTS**

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**TIME PERIOD:** New Jobs (see definition) committed by the Borrower at the Project location must be created within 2 years from the date of the Loan Agreement and maintained for a period of at least 5 years from the date of the Loan Agreement. The Borrower may not reduce Business Operations at another Missouri facility to fulfill the New Job commitment.

**PENALTIES:** In the event the New Jobs are not created within the 2 year period, or maintained for the entire 5 year period, the loan must be prepaid (pro-rated for the actual New Jobs as a percentage of the number committed), plus an interest penalty. The interest penalty is 10% per annum (from the date funds were received) on the amount of the required prepayment. DED may waive interest penalties or the required prepayment if the Company experienced an Unforeseen Economic Event (see definitions) which affected its ability to maintain Full Employment, as defined. Transfer of Business Operations to another location would not allow a waiver of penalties, unless prior approval was granted by DED due to possible failure of the business.

**RATIONALE OF NEW JOBS PROJECTED:** New Jobs (see definition) are the increase of full-time, Year-Around Employees (see definition) over Current Employment (see definition) at the Project location. The number of New Jobs to be created by the Company must be consistent with the Company's payroll costs of their projected financial statements. The projection of New Jobs must also be directly correlated to the activities of the Project.

**FULL-TIME, YEAR-AROUND EMPLOYEES:** Only those persons who are projected to work at least 1800 hours in a year, have medical insurance benefits, and employed by the Borrower may count as a Full-Time, Year-Around Employee. Seasonal, construction, part time, or temporary employees, or persons that work within the Borrower's facility but that are not employees of the Borrower are not considered a Full-Time, Year-Around Employee.

**DOCUMENTATION:** Current Employment and the projected number of New Jobs will be stated by the Company on the **Employment Data Form**. New Jobs will be verified by DED from the **Employment Status Statement** administered by the Company. DED may also consult with the Missouri Division of Employment Security to verify such information. In the event such information has discrepancies, the Company must provide payroll records to DED. The Company may be required by DED to submit evidence of the Current Employment until the end of the 5-year period.

## **LOW AND MODERATE INCOME REQUIREMENTS**

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**51% LMI OF NEW JOBS:** At least 51% of the New Jobs must be taken by persons qualifying as low and moderate income ("LMI"). Also, if Full Employment exceeds the projected New Jobs, at least 51% of all actual New Jobs must be LMI, as documented on the Employment Status Statement.

**LMI DEFINITION:** A person whose total current annualized family income is less than the prescribed standard, based on family size and county of residence, is considered low and moderate income ("LMI"). "Family" is considered husband, wife, and dependents. "Annual Income" is the total amount of income of the immediate family from all sources based on current rate of pay. The new wages a new employee will receive by the Company is not relevant in the determination of LMI.

**JOB TITLES:** On the "Employment Data Form", the Company must identify specific job titles of New Jobs in order for DED to determine the likelihood of accomplishing the 51% LMI requirement. Generally, jobs applicable for LMI persons do not require post-secondary education or specialized training as a condition for consideration of employment. However, the Employment Status Statement actually documents the 51% LMI requirement.

**EMPLOYEE SURVEY:** The Employment Status Statement form determines LMI status. After the date of the DED's approval of the loan, the Borrower must survey each person hired. The surveys must be signed by the employee, and the employee must be willing to verify his/her family income upon request of DED, HUD, or the Sponsor. In addition, the Borrower must have all persons applying for jobs complete the survey for ethnicity data. The survey is voluntary and confidential, however, all surveys not completed will be assumed to be from non-LMI persons. The Borrower is responsible to administer the surveys and

provide the completed surveys to the Sponsor and DED upon Full Employment, or 2 years from the date of the Loan Agreement, whichever is first.

**RETAINED JOBS:** For "retention" projects at least 51% of all Current Employees surveyed must be LMI. Any non-responses to the Employment Status Statement will be considered as non-LMI persons. If only a portion of the Company's operations is affected by the problem, only the specific employees projected to lose their jobs related to the problem would be surveyed for LMI purposes and count as "retained jobs". The Company must document the probable loss of jobs, and the Action Fund loan would assure retention. The Company must commit to maintaining Current Employment for at least 5 years from the date of the Loan Agreement.

**COUNTY LMI LIMITS:** The LMI limits vary by size of family and county of the Project. The income refers to the family's **current** total current income, annualized. For example, if someone made \$300/week, the annual income would be \$15,600. (Note: Spouse income must be included to determine LMI eligibility.) The rate of pay for someone to be hired by the Company should not be considered.

## CONFLICT OF INTEREST POLICY

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**PERSONS APPLICABLE:** The conflict of interest provisions of this policy shall apply to any person who is an employee, elected or appointed official, agent, consultant, officer, or any immediate family member or business partner of the above, of the Sponsor city/county, or of any designated public agencies, or "subrecipients" which are receiving funds from the Action Fund program.

**APPLICABILITY:** In the area of procurement of supplies, equipment, construction, and services by recipients, subrecipients, or designated public agencies, the conflict of interest provisions in 24 CFR 85 or A-110, as applicable, shall apply. In all cases not governed by 24 CFR 85, the provisions of this policy shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or subrecipients to individuals, businesses and their private entities in the form of grants, loans, or other assistance through eligible activities the program which authorize such assistance.

**CONFLICTS PROHIBITED:** Except for approved eligible administrative or personnel costs, no persons described in Section I who exercises or have exercised any functions or responsibilities with respect to CDBG activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the Action Fund program, the above restrictions shall apply to all activities that are a part of the funding approval for all projects, and shall cover any such interest or benefit during, or at any time after, such person's tenure. No elected official with any association of their entity as a CDBG recipient shall be compensated in any form for performing administration of a CDBG project, and shall not receive fees from any source, including finders fees, realtors' or brokers' fees, from a Company or other parties involved in a CDBG assisted project.

**EXCEPTIONS:** DED may grant an exception to a conflict, pertaining to participation with other public programs, after a determination has been made by the state that the exception will serve the purposes of the Housing and Community Development Act of 1974 and the State's adopted Final Statement for each year. Therefore only after the recipient has provided to DED written documentation detailing a disclosure of the nature of the conflict accompanied by an assurance that there has been a public disclosure of the conflict, a description of how the public disclosure was made, and an opinion of the recipient's attorney that the interest for which the exception is sought would not violate state or local law.

In determining whether to grant an exception, after the above two items have been received, DED shall consider the following factors, where applicable:

- a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the Project which would otherwise not be available;
- b. Whether an opportunity was provided for open competitive bidding or negotiation;
- c. Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- d. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- e. Whether the interest or benefit was present before the affected person was in a position as described in Section 3;
- f. Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- g. Any other relevant considerations.

**DISCLOSURE AND CERTIFICATIONS:** The Public Participation form requires the Mayor or Presiding Commissioner (acting on behalf of the Sponsor) to certify that, to the best of their knowledge, no conflict will occur regarding the Project. The Financial Interest Disclosure must also be completed by the Company to indicate certain contracts and assistance related to the Project.

# INTRA-STATE RELOCATION

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**INELIGIBLE PROJECTS:** Projects that propose intra-state transfer of part or all of a Company are generally ineligible for funding. Also, companies that have one or more existing facilities in Missouri which, propose to transfer some Business Operations to another Missouri location are generally ineligible for funding.

**EXCEPTIONS:** An exception to this policy may be granted by DED if, in order to remain financially viable, the Company must consolidate with another existing facility of the Company's, or relocate to a more cost-effective site. In the event that the relocating Company is closing a unionized facility, a meeting with the affected union, Company and DED must take place to determine what, if any, negotiations have taken place before the Company's decision to relocate was finalized. Every effort possible must be made to preserve the bargaining rights of unionized employees at a new location. If DED determines the primary purpose of the Company relocation is to break a collective bargaining agreement or to operate a non-union Company, the Project is ineligible. To the extent possible, the workers whose jobs are being relocated must be offered an opportunity to transfer to the newly relocated facility in similar positions.

**EXISTING COMMUNITY CONTACT:** Upon the receipt of an application, DED will contact the economic developer of the community where the Company is currently located to inform him/her of the request. That community will be offered an opportunity to retain the Company prior to DED's decision regarding the Application.

**NET NEW JOBS:** If the intra-state relocation policy is granted an exception by DED, only the net increase of New Jobs over the Current Employment of the Borrower will be applicable for the program. Replacements jobs and/or transfer jobs will not be used to calculate New Jobs.

# RETENTION PROJECTS

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**ELIGIBLE RETENTION PROJECTS:** Priority Companies that have temporary cash flow problems that result in a reduction of Full-Time Year-Around Employees may be eligible for an Action Fund loan. The problems must be such that an additional cash injection is necessary to continue Business Operations, and will result in the retention of Current Employment.

**LIMITS:** The Company must satisfy the last resort gap criteria as stated herein. If so, an Action Fund loan would be limited to \$100,000 per project, 100% of the new cash necessary, or \$25,000 per retained job. The LMI requirements for retained jobs are described in the Low and Moderate Income Requirements section. Approval on the loan would be based on the same factors as described in the Loan Conditions Section. For funding needed in excess of \$100,000, the limits established in the Loan Conditions section are applicable.

**APPROVAL:** The credit evaluation and approval of a retention project is the same as described herein for new projects, except for the status of secured and unsecured creditors. Secured creditors should be enticed to take interest-only payments for several months, and the Company should attempt to negotiate

an agreement with unsecured creditors to pay them over several months if they agree not to file an involuntary bankruptcy. The only programmatic difference is that Current Employees must fill out the Employment Status Statement form prior to the approval of the loan, and at least 51% of the Current Employees must be LMI.

**CDBG LOAN GUARANTEE:** An alternative to the Action Fund for troubled projects is the CDBG Loan Guarantee. This program has the same rules and procedures as the Action Fund, except the funds are not directly loaned to the Borrower. In the guarantee program, the principal amount of a bank loan made for an approved project is guaranteed up to 90% of the loss after the bank liquidates a company's assets. This program is somewhat quicker than the Action Fund, since funds are not drawn from the U. S. Treasury, which typically takes about 15 days from DED's approval of the loan.

The Action Fund application may be used to access the CDBG Loan Guarantee. A guarantee agreement will be executed between DED, the Sponsor, and the bank that makes a loan to the Borrower. Upon the execution of this agreement, the bank may make the loan.

## **GRANT ADMINISTRATION**

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**RESPONSIBLE PARTY:** The city or county Sponsor must complete the procedures and requirements as established under the "Assurances" form and the CDBG Management Manual, which is available upon request from DED. The Manual specifies procedures for all types of CDBG projects, which most of are not applicable to the Action Fund program. For most Action Fund projects, those procedures typically include:

- a. Conduct 1st public hearing.
- b. Environmental review;
- c. Submit request for loan proceeds to be drawn;
- d. Closeout forms and 2nd public hearing.

**ADMINISTRATIVE METHODS:** DED recommends that a Sponsor assign the administrative functions listed above to existing staff. If the Sponsor does not have adequate staff capacity or qualified staff to perform the CDBG-related administrative procedures, the Sponsor may contract with an outside firm. If so, the Borrower (or the Sponsor, if they so choose) should pay for such fees. Action Fund loans typically do not involve a significant amount of administrative actions, and such fees should be minimal. In rare cases, DED may provide a subsidy to the Sponsor for administrative costs. If, in this case, an outside firm will be procured, the Sponsor must complete a competitive procurement process, as described in the CDBG Management Manual.

**LIABILITY FOR DEFAULT:** The Sponsor will not be held responsible for any losses on the Action Fund loan due to a default by a Borrower, unless the Sponsor (or any agent employed by the Sponsor for the purpose of obtaining the Action Fund loan) intentionally omitted or provided false or misleading information regarding the viability of the Borrower.

## **PUBLIC PARTICIPATION REQUIREMENTS**

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**PROCEDURE:** DED cannot formally approve a loan request until the Sponsor completes a public hearing, executes an authorizing resolution, and executes the Assurances. At least one public hearing must be held prior to the submission of the Sponsor's application. After the Project has been completed, a second public notice must be published, and another public hearing held. All hearings must be handicapped accessible, according to ADA requirements.

**1ST PUBLIC HEARING NOTICE:** This notice must be published at least **5** days prior to the public hearing. It should be published as a display-type ad (not in the classified section) in the newspaper with widest circulation in the community. If the Sponsor is also applying for an Industrial Infrastructure Grant application for the same Project, one ad and public hearing may include both applications. The format for the notice is as follows:

## PUBLIC NOTICES

### FIRST PUBLIC NOTICE

The City of \_\_\_\_\_ will hold a public hearing on \_\_\_\_\_, 20 \_\_\_\_, at \_\_\_\_ PM, at City Hall to discuss an application to be submitted to the Missouri Department of Economic Development under the Community Development Block Grant (CDBG) program. The City is interested in obtaining citizen input on community and economic development needs within the City.

The maximum amount of funds available from the CDBG program depends upon the type of project, but cannot exceed \$1,500,000 for economic development, \$300,000 for public facilities projects, or \$500,000 for neighborhood development projects.

Activities that are eligible for funding include, improvements to public works, site improvements, housing rehabilitation, and others as allowed by law. At least 51% of the beneficiaries must be low and moderate-income persons. No displacement of persons will be proposed for this project.

The City proposes to request \$\_\_\_\_\_ in CDBG funds for an Action Fund loan to \_\_\_\_\_(company name) for a project located at \_\_\_\_\_(address). The proposed project will provide new employment, of which at least 51% will be low and moderate-income persons. City staff members will be present to answer questions about the CDBG program and the proposed application. For more information, contact \_\_\_\_\_ at (\_\_\_\_\_)\_\_\_\_\_.

**SECOND PUBLIC HEARING:** The Sponsor must hold a second hearing after the completion of the project to offer citizens an opportunity to comment on the city's performance. The hearing must be preceded by a display-type notice in a newspaper with the greatest distribution in the area, published at least five days prior to the hearing date. If the Sponsor has completed other CDBG projects, they may be included in this ad and public hearing. The format for the notice is as follows:

## SECOND PUBLIC NOTICE

The City of \_\_\_\_\_ will hold a public hearing on \_\_\_\_\_, 20\_\_ at \_\_\_\_\_ PM at City Hall to allow citizens to comment on the City's performance on the Community Development Block Grant awarded \_\_\_\_\_, 20\_\_ for the \_\_\_\_\_ (company name) project. All interested citizens and groups are encouraged to attend. For further information, contact \_\_\_\_\_, at (\_\_\_\_\_)\_\_\_\_\_.

## ENVIRONMENTAL REVIEW

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**APPLICABILITY:** Federal law requires all CDBG-assisted projects to undergo an environmental review subject to the National Environmental Policy Act.

**PROCEDURE:** Upon the completion of the environmental review and the Cultural Resource Assessment, the Sponsor must insert the "Finding of No Significant Impact/Request for Release of Funds" (FONSI/RRF) notice in the local newspaper. These forms can be received by contacting CDBG at 573-751-4146

After **15** days from the day the ad ran, the Sponsor would send the "Request for Release of Funds and Certification" to DED, certifying that there were no adverse comments from the public regarding the Project. (If there were adverse comments, see the CDBG Management Manual.) Once DED receives The "Request for Release of Funds", another 15 day comment period must elapse, and at that time, DED would issue a "Private Release" to the Sponsor.

Once the "Private Release" form is received, the Company may commence with the Project **IF** DED has approved the loan request. However, the Action Fund loan is only effective once the Loan Agreement has been executed. If the Company did not meet the contingencies of DED's approval and execute the Loan Agreement, DED is not under any obligation to release loan proceeds.

**WHEN TO START ENVIRONMENTAL REVIEW:** The checklist and assessment may be started, and the FONSI/RRF notice may be published at any time, even prior to the submission of an Application.

**WHO MAY COMPLETE THE ENVIRONMENTAL REVIEW:** The Company or Sponsor may complete the checklist and assessment however, the Sponsor must insert and authorize the FONSI/RRF notice. It is not necessary that a licensed professional complete the environmental review, unless there is the probability of some significant effect to the environment. If so, consult the CDBG Management Manual.

**RELATIONSHIP TO A PHASE 1 ENVIRONMENTAL REVIEW:** The FONSI/RRF has no relationship to a Phase 1 environmental review that may be necessary on the acquisition or sale of real estate.

**TIMING SCHEDULE:**

- Day 1 - Combined FONSI/RRF Notice is published.
- Day 2 - First day of 15-day local comment period.
- Day 16 - Last day of 15-day local comment period.
- Day 17 - Mail Request for Release of Funds and Certification to DED.
- Day 18 - DED receives certification, first day of 15-day state comment period.
- Day 32 - Last day of 15-day state comment period.
- Day 33 - DED issues Release of Funds (Notice of Removal of Grant Conditions).

# COMPANY APPLICATION

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**PROCEDURE:** There are two parts of an application:

1. Information from the **company** regarding the Project, current status, ownership, management, market potential, and projections;
2. Information from the **sponsor** (city of county) that are required by law to enact the CDBG Program.

There is no need to employ a grant writer, CPA or other outside professional since this program is NOT based on a competition with other applications. The Department of Economic Development (DED) will not penalize an application if the information or documents are unintentionally incorrect or incomplete.

**TIMING:** The company may submit their portion of the application to DED at any time. DED will review this information and recommend other public programs that may be applicable for the project. The Action Fund would be recommended if bank financing, other public programs, and equity from Active Owners have been exhausted.

Once DED has determined that the Action Fund Loan is appropriate, a Sponsor (city/county) should proceed with a public hearing and the environmental review. After the public hearing is held and the city council or county commission has authorized the submission of an application (by resolution or ordinance), the sponsor may submit the sponsor application.

**COMPANY APPLICATION:** As the Action Fund Loan Program is based on “last resort gap” financing, the Borrower should have previously submitted an application to one or more lending institutions and/or public programs. The borrower shall complete the Action Fund Loan application and should include copies of any other lending applications, which may have been completed. All information provided to DED must be current, within 90 days. All the items below must be addressed.

**COMPANY INFORMATION FORM:**

**NAME:** Legal name of the Company; federal identification number, contact person and title with the Company, mailing address, city, state, zip, telephone and fax number.

**CITY/COUNTY SPONSOR:**

Name of the city/county sponsor, contact person and title, mailing address and phone number.

**APPLICATION PREPARE:**

Name, mailing addresses, and phone number of person that prepared the application.

**BUSINESS ORGANIZATION (C Corporations, etc.):** Company type, if the company is a Corp. what state are they incorporated in. If this company is a subsidiary give the name, mailing address and phone number of parent company. If the applicant has any subsidiaries list the name(s), address and phone number of the subsidiaries.

Also provide, the year the company was established; recent changes in ownership or primary management, products currently or proposed to be produced, description of the market (total sales, number of businesses in that market, etc.), listing of primary competitors and their percentage of the market and competitive advantages/disadvantages of the company.

**COMPANY'S LEGAL COUNSEL:** Name, mailing address and telephone number of company's legal counsel.

**COMPANY OFFICERS:** Provide the names of the company's key management, home address, phone number and other business affiliations area of responsibility and a resume of key management. Indicate which, if any, key management positions have not yet been filled, or will be outsourced to a professional firm. Indicate the names of any consultants that are being used in business planning.

**PRINCIPAL STOCKHOLDERS:** List the name, home address, phone number, social security number and percentage of stock of the principal stockholders.

**PRINCIPAL BANK(S):** List the name, address and phone numbers of all company's financial/lending institutions.

**OTHER COMPANY INFO:** Company's SIC Code and a description of the business operations. List any special environment or operating permit requirements that will be required if any.

**ACTIVE OWNERS:** List of owners (with percentage of ownership) and officers of the corporation (after new investments due to the Project). "Active Owner", owner of more than 50% of stock and owners related to an Active Owner that has or will have, after new investment due to the Project, more than 30% of ownership including immediate family members. For each Active Owner provide a personal financial statement that is less than 90 days old. The statement must include their social security number, current address and date of birth.

NOTE: Owners or owner of more than 50% that have filled bankruptcy within the past 15 years, it must be so noted with information regarding any resolution or other actions thereof. If any of the owners are presently under indictment, parole or probation, ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation, convicted of any criminal offense other than a minor motor vehicle violation, or NOT a U.S. citizen, it must be noted

**SUMMARY OF EXISTING OBLIGATIONS FORM:** For each existing loan or capital lease, indicate the name of the lender, current balance, original amount and date, maturity, amortization, interest rate, monthly payment, collateral securing the loan and status (current or delinquent). For lines of credit, indicate the maximum terms of drawdowns, such as 80% of receivables and 50% of inventory. Provide a copy of any existing loan or capital lease agreement that exceeds \$50,000.

**AGING OF ACCOUNT RECEIVABLE AND ACCOUNT PAYABLE FROM:**

List aging of accounts receivable and accounts payable, less than 30 days, 30-60 days, 60-89 days and 90-119 days, and over 120 days. It must be noted whether any accounts payable, leases, or other obligations are under litigation for payment. NOTE: Accounts receivable and accounts payable totals must reconcile with current Balance Sheet submitted with application.

**CUSTOMER REFERENCES:** Supply names of at least 4 business references (bank, larger customers, and suppliers, other).

**PROJECT DESCRIPTION FORM:**

Give a brief description of the proposed project; the specific location and the reasons the Company has decided to do the Project (ex. new contracts, growing sales, etc); and the timing of the Project.

Give a description of the proposed use of funds for the Project (listing sources of costs estimates of proposed new machinery/equipment, description of any new facilities included in the Project). If the loans include new working capital, indicate the method used to determine the amount needed. Provide a detailed description (name, term, rate, collateral) of all proposed or approved sources of financing for the project and the status of approval for each source. Provide a copy of any approval letters or loan/lease agreements proposed or executed relative to this project.

**SUMMARY OF COLLATERAL TO BE ACQUIRED FOR THIS PROJECT:** List the total cost and lienholder and position of the land and buildings, accounts receivable, machinery and equipment, furniture and fixtures, inventory and other collateral. If collateral to be acquired consists of machinery and/or equipment, appraisals must be attached if used. If machinery and/or equipment is new a signed vendors quote must be attached. If construction of a facility is involved, estimated costs signed by a contractor or appraised value of new construction from blueprints must be attached.

**COLLATERAL:**

**PROPOSED SOURCES OF FUNDS/INCLUDE EQUITY INJECTION AND LENDER FEES FORM:** List the name, dollar amount, term, percentage rate, annual d/s, use of funds and collateral of all sources of funds for this project.

**SUMMARY OF EXISTING COLLATERAL AVAILABLE FOR PROPOSED LOAN:** List the present market value, present mortgage balance and the cost less depreciation on land and building, machinery and equipment, furniture and fixtures, accounts receivable inventory and any other collateral.

**EMPLOYMENT DATA:**

**NEW JOBS:** List by job title the current employees, projected NEW jobs due to the project and projected LMI of new jobs.

**SEASONALITY:** Indicate seasonal sales trends (if any) of the company, and the typical number of part time seasonal employees. Indicate the number of new part-time or seasonal employees to be added as a result of this Project, and the timing schedule of such hiring.

**COMPANY CERTIFICATION FORM:** Signed by the company certifying that the information submitted by the company to the Missouri Department of Economic Development and the sponsoring city or county is true and correct.

**FINANCIAL INTEREST DISCLOSURE FORM (FORM Y)**

**ASSISTANCE FROM OTHER GOVERNMENT SOURCES:** Indicate the source (agency and program name), type of assistance (loan, grant, or other direct or indirect assistance), the amount from each program provided or requested by the Company and the status (requested/approved) for this Project. This includes assistance provided from any public source, including state, federal or a local. Please note that if any line item below changes 20% or if new programs have been added since the original form was submitted, an updated form must be submitted to DED at or before grant closeout. This does not include programs related to public improvements, which support the project.

**DISCLOSURE OF FINANCIAL INVOLVEMENT:** Any person or business, which has a Financial Involvement in the Project that, exceeds \$50,000, or 10% of the Project Investment (whichever is lower) must be identified. "Project Investment" is the total of the Company's costs associated with this Project. "Financial Involvement" which must be identified would include building contractors, developers, realtors, administration, legal, insurance, engineering, or any other situations where a private entity would share profits on the resale or any distribution of surplus cash or other assets of the Company, or any other party that receives compensation for any goods or services provided in connection with the Company's portion of this project. This would also include new equity investments by current or new stockholders of the Company. If new items need to be added, or if any line item changes 20% or more, an updated form must be submitted to DED at or before grant closeout

**FINANCIAL STATEMENTS:** Year end financial statements (balance sheet, income statement) of the Company for the 2 prior fiscal years; current (less than 60 days old) interim financial statements. Tax returns for the past 2 years (if the financial statements are un-audited) and 3 years of project financial statements, including monthly cash flow statements for the first 12 months, or whenever the company projects a positive profit (whichever is later). Include detailed justification of the projections and note any significant variation compared to past financial statements. The projections must accurately reflect the proposed sources of financing and uses of funds as identified above.

**DELINQUENT TAXES/PAYMENTS:** Specify any delinquent state, federal, or local taxes, and if so, what actions are being taken to correct the problem. Indicate whether any delinquent taxes are under a payment agreement with a taxing authority. Indicate whether any Active Owner is delinquent on childcare payments.

**LAWSUITS:** Provide information on any pending or final lawsuits against the company, owners of more than 50%, or Active owners that may affect the viability of the company. Including the name of the other party, nature of the complaint, status of the lawsuit, settlements completed, amount of terms of disposition or settlement, etc.

**VIOLATION OF OTHER AGREEMENTS:** State whether the Action Fund loan or any other financing proposed in the Project will violate any existing agreements or loans, or if so what actions are necessary to obtain permission to execute this loan.

**AFFILIATES:** Names of affiliated (through common ownership or management control) or subsidiary businesses. Provide the past 2 fiscal year-end financial statements and a current (less than 90 days) financial statement for each of these firms.

**SUPPLIER'S REFERENCES:** Supply a list of the five largest (in sales volume) current customers of the Company, with the percentage of sales in the past 12 months. Also, state any significant contracts or purchase orders recently obtained (and the amount and terms), and a list of significant existing customers that will be lost in the next 12 months. Indicate an estimate of the percentage or raw materials purchased from businesses within the State of Missouri.

**COMPETITORS:** List the name and address of the 5 largest (plus all Missouri based) companies that directly compete with the company for the products the company will produce due to this project.

**OWNERSHIP COMPENSATION:** Indicate the current amount of compensation (salaries, dividends, bonuses or other withdrawals not including reimbursement of business expenses or S-corporation taxes) to owners and their immediate family members. Specify and changes proposed for the next year.

**OTHER ATTEMPTED SOURCES:** List ALL sources of financing attempted for this project, the date of the request and a copy of their written response. If the response was not written, indicate the name and telephone number of a contact person, and the reason for the rejection. Also, describe the amount of equity proposed for the Project, and the source of this equity. Generally, the Company must document that all other funding sources have been maximized, including Active Owner's liquid assets.

**LAST RESORT "GAP" RATIONALE:** Based on the response of the attempted sources, indicate whether the request for an Action Fund meets the test of "last resort gap" financing.

**UPON HIRING OR FULL EMPLOYMENT:**

**EMPLOYMENT STATUS STATEMENT:** The company must administer this survey to new employees and persons that apply for employment with the company.

**EMPLOYMENT SUMMARY FORM:** This form summarizes the employee surveys for all New Jobs

**APPLICANT SUMMARY FORM:** This form summarizes the surveys for all applicants.



# SPONSOR APPLICATION

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**SPONSOR APPLICATION FORM:** The city or county Sponsor must submit the following documents before DED can formally approve the Action Fund Loan request. These documents may be sent separate from information submitted by the Company.

**SPONSOR IDENTIFICATION**

**APPLICATION PREPARER INFORMATION**

**PARTICIPATING COMPANY INFORMATION**

**STATEMENT OF ASSURANCES FORM:** Signed by the Mayor or Presiding Commissioner. The date signed may not pre-date the public hearing.

**PUBLIC PARTICIPATION/CONFLICT OF INTEREST CERTIFICATION:** Signed by the Mayor or Presiding Commissioner. Attach a copy of the public hearing notice and a copy of a resolution or ordinance authorizing the Mayor or Presiding commissioner to execute documents necessary for the program (See Sample Resolution). The resolution may not pre-date the public hearing.

**LOBBYING RESTRICTIONS FORM:** Signed by the mayor or presiding commissioner.

**CIVIL RIGHTS COMPLIANCE FORM:** To document compliance with Title VI of the Civil Rights Act of 1964.

**NEEDS ASSESSMENT FORM:** Quality of Public Facilities or Services: this section is divided into three areas: public works, public services, and community facilities. The items specified within these areas are typically considered to be the responsibility of most local governments. The Sponsor should indicate whether the quality of the facility or service is generally good, fair, poor, or non-existent as it would affect everyone in the Sponsor's jurisdiction. Also, the same evaluation should be made as to the quality of the item as it affects only low and moderate-income person (LMI) in the Sponsor's jurisdiction. The determination of the item's quality (good, fair, or poor) may be performed in any way the Sponsor determined is appropriate, such as engineering, reports discussions with city/county staff members, field surveys, etc. This is not to be confused with a formal evaluation or capital improvements plan. The analysis of the quality of facilities or services should be based on current conditions.

**ANTI-DISPLACEMENT PLAN:** The Sponsor will replace all occupied and vacant occupable low/moderate income dwelling units demolished or converted to a use other than as low/moderate income dwelling housing as direct result of activities assisted with funds provided under the Housing and Community Development Act of 1974, as amended. The chief elected official must sign this form whether or not relocation or demolition of housing is proposed for this project.

**FINANCIAL INTEREST DISCLOSURE (FORM Z):**

**ASSISTANCE FROM OTHER GOVERNMENT SOURCES:** Indicate the source (agency and program name), type of assistance (loan, grant, or other direct or indirect assistance), the amount from each program provided or requested and the status (requested/approved) for this Project. This includes assistance provided from any public source, including state, federal or a local public entity other than the Sponsor.

**DISCLOSURE OF FINANCIAL INVOLVEMENT:** Any person or business which has a Financial Involvement with the Sponsor or other public entities in the Project that exceeds \$50,000, or 10% of the Project Investment (whichever is lower) must be identified. "Project Investment" is the total of the Company's costs associated with this Project. "Financial Involvement" which must be identified would include building contractors, developers, realtors, administration, legal, engineering, or any other party that receives compensation for any goods or services provided in connection with the public improvement portion of the Project. If new items need to be added, or if any line item changes 20% or more, an updated form must be submitted to DED at or before grant closeout.

**ENVIRONMENTAL REVIEW:** The sponsor must complete the following prior to the commencement of the Project. These documents may be sent in prior to or after the submission of the other sponsor applications.

**CULTURAL RESOURCE ASSESSMENT:** (Applicable only for Projects that propose improvements to real estate.) Exhibit E-13; send this form to the Missouri Dept. of Natural Resources Historic Preservation Program, ASAP.

**CHECKLIST AND ASSESSMENT:** Exhibit E-6 and Exhibit E-7. Keep this available for public review and comment. Do not send this to the Department of Economic Development.

**FONSI/RRF NOTICE:** Exhibit E-8. After completing E-6 and E-7, publish this in a local newspaper and mail a copy to the parties noted in Exhibit E-9. After 16 days of the date of publication, mail Exhibit E-10 to the Department of Economic Development.

**REQUEST FOR RELEASE OF FUNDS AND CERTIFICATION:** Exhibit E-10; **Send to DED 16 days after the FONSI/RRF Notice (E-8) was published.** DED must have a 15-day comment period starting on the day Exhibit E-10 was received. After the 15 days has elapsed, the Project may begin. **Only if** DED has previously sent the Sponsor a letter of conditional approval for the project.

# **ACTION FUND LOAN PROGRAM SPONSOR APPLICATION CHECKLIST**

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- ☐ **CITY/COUNTY SPONSOR APPLICATION**
- ☐ **STATEMENT OF ASSURANCES**
- ☐ **PUBLIC PARTICIPATION**
- ☐ **LOBBYING RESTRICTIONS**
- ☐ **CIVIL RIGHTS COMPLIANCE**
- ☐ **NEEDS ASSESSMENT**
- ☐ **RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE  
PLAN**
- ☐ **FINANCIAL INTEREST DISCLOSURE**
- ☐ **AFFIDAVIT OF PUBLICATION OF PUBLIC HEARING NOTICE**
- ☐ **RESOLUTION OF SPONSOR**
- ☐ **ENVIRONMENTAL REVIEW**  
(Please Contact the Community Development Block Grant (CDBG) program for an environmental  
review packet 573-751-4146)
- ☐ **OTHER INFORMATION AS REQUIRED**

# CERTIFICATION OF BORROWER AND LENDER

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It is hereby represented and certified by the undersigned that the foregoing information, to the best of his/her knowledge or belief, contains no information or data contained herein or in the exhibits or attachments that are false or incorrect and that they are truly descriptive of the project anticipated.

**Lender (Loan Guarantees Only)**

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Applicant / Proposed Borrower\***

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

- \* If an individual is signing on behalf of the company/proposed borrower, please provide evidence corporate action approving this application and granting this individual the authority to sign on behalf of the company/proposed borrower.

# **ACTION FUND LOAN COMPANY APPLICATION CHECKLIST**

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- ☐ **COMPANY INFORMATION (3 PAGES)**
- ☐ **SUMMARY OF EXISTING OBLIGATIONS**
- ☐ **AGING OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**
- ☐ **PROJECT DESCRIPTION**
- ☐ **SUMMARY OF COLLATERAL TO BE ACQUIRED FOR THIS PROJECT**
- ☐ **PROPOSED SOURCES OF FUNDS**
- ☐ **CERTIFICATION OF BORROWER AND LENDER**
- ☐ **EMPLOYMENT DATA**
- ☐ **COMPANY CERTIFICATION**
- ☐ **FINANCIAL INTEREST DISCLOSURE**
- ☐ **BUSINESS PLAN/ SUMMARY OF PROPOSED PROJECT**
- ☐ **FINANCIAL STATEMENT OF COMPANY  
(HISTORICAL AND 2-3 YEAR PROJECTED)**
- ☐ **OTHER INFORMATION AS REQUIRED**  
(Please also refer to the Company Application Section)

The following forms are included in the application for use by the company if the loan or loan guarantee has been approved and the private investment release date has been given:

- ☐ **EMPLOYEE STATUS STATEMENT**
- ☐ **PROJECT EMPLOYMENT SUMMARY**
- ☐ **PROJECT APPLICANT SUMMARY**

Information regarding Low-to-Moderate income limits in each county or non-entitlement area can be obtained by calling the Community Development Block Grant Program at 573-751-4146.